

## Satisfaction with Life Amongst the Urban Poor: Empirical Results from South Africa

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**Abstract:** Satisfaction with life is a dynamic factor which merits ongoing research takes into consideration all contextual influences. This study assessed the influence of four economic factors, namely employment status, rural/urban residence, public service delivery and poverty on satisfaction with life amongst the urban poor in South Africa. Although satisfaction with life is a well-research concept in most environments, no consensus exists on the results, which prompts the need for continuous research. A survey design was adopted involving 402 purposively selected residents of Sebokeng Township in Gauteng Province. Regression analysis revealed that employment status, public service delivery and poverty significantly predicted satisfaction with life. Residing in the rural areas was statistically insignificant. The study provides current insights on the association between economic factors and satisfaction with life amongst poor people in urban societies. The study may be used by governments in developing countries to develop policies for improving the socio-economic well-being of poor societies.

**Keywords:** Satisfaction with life; employment status; rural/urban residence; public services delivery; poverty

**JEL Classification:** I00

### 1. Introduction

Satisfaction with life refers to a situation obtained through the comparison of what a person wants and possesses (Özer & Sackes, 2011). An individual is likely to become satisfied with his/her life upon realisation of the perceived wants and possessions in life. This includes achievements such as *inter alia*, being happy in daily life, feeling physically better-off, economic security and having well-fulfilling social relationships (Demirel, 2014). In South Africa, evidence of research focusing on satisfaction with life in varied settings is available (e.g.

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Bookwalter *et al.*, 2011; Botha & Booysen, 2012; Ebrahim *et al.*, 2013; Schatz *et al.*, 2012). However, there is no unanimity in the available research results, particularly on the influence of economic factors on satisfaction with life. This dovetails into long-standing controversies directed to the interplay between each socio-economic factors and satisfaction with life.

As mentioned by Morrison (2011), it is considered unscientific to generalise the influence of each factor on satisfaction with life, since there are contextual factors that should be considered. As such, whilst the subject may be inundated with domineering theoretical formulations and empirical results, none of them has universal applicability. This creates an impetus for continued research on satisfaction with life and its influencing factors.

In the field of development economics, it is widely acknowledged that satisfaction with life is an important indicator of socio-economic well-being (Calvo & Mair, 2014). In view of this, it is important for those in positions of socio-economic governance to have a more informed understanding of the dimensions of satisfaction with life amongst the different cohorts of society falling under their jurisdiction, as this facilitates improved decision-making. Decision making that is based on assumptions may not be effective in addressing societal and economic problems (Rashid & Azizah, 2011). This being the case, a concurrent need exists for research studies that provide social and economic development planners in government with prototypical insights on the existing levels of satisfaction with life as well as its variants within South African societies, especially the poor and marginalised ones. Such information provides the ammunition that is requisite in formulating policies and other initiatives requisite in meeting the socio-economic needs of communities. Implementation of such policies may lead to higher satisfaction with life and a better reputation for the country at large.

The aim of this study is to investigate the influence of economic factors amongst the urban poor in South Africa. To achieve this aim, the following four objectives were formulated;

- To determine the perceived influence of employment status on satisfaction with life amongst the urban poor in South Africa;
- To establish the perceived influence of rural or urban residence on satisfaction with life amongst the urban poor in South Africa;
- To established the perceived influence of public service delivery on satisfaction with life amongst the urban poor in South Africa;
- To determine the perceived influence of poverty on satisfaction with life amongst the urban poor in South Africa.

## 2. Theory

### 2.1. Employment Status and Life Satisfaction

At any given time and to any given individual, the effects of unemployment are severe (Steiber, 2013). Research (e.g. Calvo & Mair, 2014; Knabe & Ratzel, 2011; Opocher & Steedman, 2009) establishes that joblessness at any conventional level is typically found to be statistically significant and negatively correlated with satisfaction with life. As stated by Wooden and Drago (2009) being unemployed weakens satisfaction with life more than any other single characteristic (including important negative ones such as divorce and separation) (Binder & Coad, 2012). Joblessness leads to loss of income, decreased self-esteem, a reduced feeling that life is under control, loss of friends/social connections and loss of personal status and identity (Clark *et al.*, 2010). Pfann (2006) mentions that being employed is one of the requisites for satisfaction with life in most societies. In agreement, Powdthavee (2012) specifies that there exists a strong theoretical case that work and paid employment are generally beneficial for physical and mental well-being, as well as for satisfaction with life. Cheng and Chan (2008) further argue that employment is arguably the most important mechanism of obtaining adequate economic resources that are essential for material prosperity and full participation in the modern society. Work tends to be fundamental to individual identity, social roles and social status, and facilitates the meeting of important psychological needs in societies where employment is the standard (Clark *et al.*, 2009). This reasoning signifies that employment is the key to increasing material well-being as well as satisfying psychological needs.

### 2.2. Rural/Urban Residence and Satisfaction with Life

While it is appreciated that urbanites enjoy certain privileges such as having a wider array of choices available to them in terms of the number of schools, medical facilities, transport and shopping complexes among others, living in rural areas has its own advantages that tend to boost the satisfaction with life of rural people (Haug, 2008). For instance, residents of rural areas enjoy the unpolluted natural world daily, and do not have to experience the daily stresses of urban life such as high traffic volumes, higher crime rates and payment of higher taxes (Wood *et al.*, 2010). Rashid and Azizah (2011) mentions that people living in rural areas are less likely to experience mental health challenges such as stress and depression than urban dwellers. Zagozdzon *et al.* (2011) advocates that although urban populations have higher numbers of social networks as well as networking opportunities, rural communities tend to offer residents the opportunity to establish long lasting and more personal relationships since they encounter the same people more frequently.

In addition to the abovementioned, whilst there are fewer schools in rural areas, children can establish better relationships with their classmates and experience the

benefits of smaller classrooms (Carta *et al.* 2012). In the USA, Glaeser *et al.* (2014) reports that people in declining cities experience low satisfaction with life than those in rural areas. In South America, Graham and Felton (2006) also found that rural people experienced better well-being than urbanites. In a study by Naude *et al.* (2008) found that residents from coastal cities, and Cape Town in particular, enjoyed the highest level of satisfaction with life amongst all South Africans. The study took non-monetary but objective measures of satisfaction with life into consideration, such as literacy levels, life expectancy and environment.

### **2.3. Public Service Delivery and Satisfaction with Life**

Satisfaction with the delivery of public services is essential in boosting the satisfaction with life of people in a given country. For instance, as mentioned before, the backlog in the delivery of public services in South Africa has led to widespread protests by disgruntled citizens (Habib, 2010; Nleya, 2011; Swart, 2013). Both previous and recent research in this country (Akinboade *et al.*, 2012; Managa, 2012; Møller, 1996; Møller, 1999; Møller & Jackson, 1997) found that inadequate provision of public services has a substantial impact on satisfaction with life. In fact, where public service delivery was satisfactory, respondents in surveys by a number of scholars (Møller, 1996; Møller & Devey, 2003) demonstrated higher satisfaction with life levels. On the international front Giordano *et al.* (2011) stress that satisfactory public services can help to mitigate the effects of economic challenges, for example, by helping people back into the labour market and putting in place preventive health measures. Public policy interventions can also support better access for disadvantaged groups to services, and can directly intervene in such areas as job counselling or debt advisory services where unemployment and financial hardship are impacting negatively on citizens (Giordano *et al.*, 2011). Luechinger *et al.*, (2008) maintain that having access to good housing, education, health and other public services has an important impact on the personal well-being and satisfaction with life of citizens. Tang (2012) further urges governments to focus on improving the quality of and the access to public services since it is one of the essential tools that policymakers can use to provide better living conditions and to create opportunities for active participation in society. It appears then that satisfaction with public services has a positive bearing on satisfaction with life.

## 2.4. Poverty and Satisfaction With Life

Poverty, regardless of its type, is detrimental to satisfaction with life and this may be attributed to the serious nature of its effects (Neff, 2009). High mortality rates and both mental as well as physical health problems are prevalent among the economically deprived (Deaton, 2008). Neilson *et al.* (2008) maintain that besides financial uncertainty, economically deprived families are susceptible to a series of adverse events that include illness, depression, eviction, job loss, criminal victimisation, prostitution and early family death, among others. Poverty is also associated with violence in families, including child and elder abuse (Van Praag, 2011). Parents who experience hard economic times may become excessively punitive and erratic, issuing demands backed by insults, threats, and corporal punishment (Yu, 2013). Getting out of poverty is difficult for anyone since poverty can become a self-perpetuating cycle. For instance, poor children are at an extreme disadvantage in the job market and in turn, the lack of good jobs ensures continued poverty such that this cycle may end up repeating itself until the pattern is broken (Knabe & Rätzl, 2011).

In the South African context, numerous studies (Bhorat & Van der Westhuizen, 2012; Hoogeveen & Özler, 2006; Pauw & Mncube, 2007; Posel & Casale, 2011; Van der Berg *et al.*, 2007; Van der Berg & Du Toit, 2007; Van der Berg & Yu 2008; Yu, 2009; Yu, 2013) found that income poverty has detrimental effects on both happiness and satisfaction with life. Other studies (for example Adato *et al.*, 2004; Davids, 2006; Hamel *et al.*, 2005) demonstrate that poverty in South Africa is divided along racial lines and that black Africans are more frequently going without basic services and necessities than whites, coloureds and Indians, leading to depressed well-being within their ranks. However, some researchers (Di Tella & MacCulloch, 2010; Van Praag, 2011) argue that satisfaction with life may be relative, particularly once basic needs are satisfied, and therefore conditioned by “reference groups” that are perceived as important. This has the effect of altering perceptions in different ways, depending on whether the reference groups of the poor tend to be their peers, richer people or people defined by characteristics other than their income (Diener *et al.*, 2011). It appears then that people adapt to varying extents to shifts in their income, which implies that transitions in and out of poverty contribute to satisfaction with life.

## 3. Empirical Survey

A survey questionnaire was administered to 402 residents from different households in Sebokeng high density residential area, which is located in Gauteng Province, South Africa. A non-probability purposive sampling technique was used to select respondents since there was no single sample frame from which a reliable list of the residents of Sebokeng could be obtained. Since the study concentrated

on the urban poor, only individuals above adult 18 years of age who earned less than ZAR2000 per month were included in the sample. The survey was conducted in March 2015. The research instrument consisted of Satisfaction with Life Scale (Diener *et al.*, 1985) to measure satisfaction with life in addition to questions designed to elicit categorical data on the four economic factors considered in this study. Data collection was conducted during weekends when most residents of Sebokeng were available.

#### 4. Regression Analysis

The survey data were analysed using the Statistical Package for the Social Sciences (SPSS version 23.0) software. Regression analysis using the enter method was utilised in assessing the interplay between satisfaction with life and the four economic factors. Satisfaction with life was entered into the regression model as the dependant variable whereas employment status, rural/urban residence, public services delivery and poverty status were entered as independent variables. In entering the data into the regression model, it was acknowledged that the collected data were categorical, which created the need to compute dummy variables for all four independent variables used in this study. Only two categories were recognised for employment status, public service delivery, rural/urban residence and poverty status. Accordingly, these variables were entered into the regression models dichotomously and coded as either 0 or 1. Satisfaction with life was represented by a newly created variable, (Satisfaction with Life1). The results of the regression analysis are reported in Table 1.

**Table 1. Regression Analysis: Socio-Economic Factors and Life Satisfaction**

Independent variables: Socio-economic factors	Dependent variable: Satisfaction with Life		
	Beta ( $\beta$ )	T (t)	Sig (P)
Employment Status	0.528	3.111	0.002
Rural Urban Residence	-0.035	-0.694	0.488
Public Service Delivery	0.132	2.800	0.005
Poverty Status	0.151	2.592	0.010
<i>R = 0.279    Adjusted R<sup>2</sup> = 0.218    * Significant at the .05 level</i>			

Table 1 summarises the regression analysis results obtained in the study. In terms of employment status, the results of the regression analysis showed that employed people had higher satisfaction with life ( $\beta = 0.528$ ;  $P=0.002$ ) when compared to those that were unemployed. As regards rural/urban residence, the rural/urban residence factor was not statistically significant ( $P=0.488$ ) and scored a negative

beta ( $\beta = -0.035$ ), signifying that individuals who perceived that rural life was better had less satisfaction with life with life than those who thought otherwise. Concerning the influence of public service delivery on satisfaction with life, people experiencing satisfactory service delivery experience higher satisfaction with life ( $\beta = 0.132$ ;  $P=0.005$ ) when compared to those exposed to unsatisfactory service delivery. On the issue of poverty status, people who were economically advantaged enjoyed better satisfaction with life ( $\beta = 0.151$ ;  $P= 0.010$ ) than those who were facing economic deprivation.

## 5. Discussion

Some of the results obtained in the study were consistent with conventionally accepted trends on the influence of economic factors on satisfaction with life. For instance, with regard to employment status, the results of the study validate the conclusion of previous studies (Anderson *et al.* 2012; Jenkins *et al.*, 2011; Lelkes, 2010) that being employed leads to increased satisfaction with life. With reference to the delivery of public services, this study affirmed that improvements in the delivery of public services has a stimulus effect on satisfaction with life. These results are synchronous to those found in a number of previous studies (Amin *et al.*, 2008; Harper, 2011; Luechinger *et al.*, 2008; Tang, 2012) which affirmed the positive influence of public service delivery on satisfaction with life. Regarding poverty, the results of the current study endorse research work (Clark *et al.*, 2009; Diener *et al.*, 2011; Knies, 2011; Martin and Hill, 2011) that acknowledges that exposure to adverse economic circumstances significantly reduces satisfaction with life. These results provide a leverage of substantiation of previous studies that produced similar results. Thus, people surveyed in this research places are generally not different from the rest of the world in terms of their beliefs and attitudes towards satisfaction with life.

### 5.1. Employment Status and Satisfaction with Life

A noteworthy result drawn from the study is that employment status emerged as the strongest predictor of satisfaction with life ( $\beta = 0.528$ ;  $P=0.002$ ). The dominance of the employment issue could perhaps be attributed to the dynamics associated with the issue of unemployment in South Africa. The new ANC government that took over after the emergence of democracy in 1994 promised to facilitate the creation of more jobs to black people (Meyer, 2014). However, more than two decades later, existing evidence suggests that this goal is increasingly becoming unsustainable, as presented by existent evidence. For example, as shown in a report by Statistics South Africa (2014) in 1994, while the official unemployment rate in South Africa was 22%, the figure had since increased steadily to 25% by December 2014, making South Africa the country with the ninth highest unemployment rate the world. The report further outlines that while

the number of employed people has increased by up to 6, 1 million since 1994, the number of unemployed people has also increased exponentially by a total of 3, 4 million. This depicts that the percentage growth in the number of unemployed people, which stands at 73, 3%, has been greater than the growth in the number of employed people, which stands at 69, 2%. Another report by the International Labour Organisation (2014) projected that South Africa is likely to experience the eighth highest unemployment rate in the world in the year 2015. These developments show that whilst the “more jobs to the people” mantra from politicians continues, the actual facts on the ground bear testimony to a different reality.

The unemployment situation in South Africa is exacerbated by the fact that unemployment is higher among the black majority, than among any other race in the country (Statistics South Africa, 2012). Given that most of the unemployed are black people who reside in townships, it could be mentioned that they have not been spared by the avalanche of adverse effects that originate from being unemployed. Examples of such specific negative experiences by unemployed people include feeling that life is empty, financial difficulties, boredom, uncertainty about the future, loneliness, family conflicts, having nothing productive to do, decreased self-worth and self-esteem and social isolation, among others (de Witte *et al.*, 2012). Additionally, unemployment in South Africa is accompanied by extreme destitution, which is aggravated by the inability of the South African government to support such people with social grants and other forms of unemployment benefits (Contogiannis, 2007). Coupled with the high unemployment rate, which makes it difficult for people to find jobs, those that find themselves in this predicament are usually left to the clemency of fate (Ribton-Turner & De Bruin, 2006). It appears natural then for people in townships the like of Sebokeng, Sharpville and Sicelo, to place employment status on a higher pedestal than other socio-economic predictors of satisfaction with life. It is an indication of their attitudes towards the severity of the negative circumstances surrounding unemployment, which they are exposed to daily in South Africa.

## **5.2. Rural/Urban Residence and Satisfaction with Life**

An additional interesting result in the study was that rural residence had a negative effect on satisfaction with life. This result is rather unusual in the sense that previous research, (e.g. Combs, 2006; Graham & Felton, 2006; Haug, 2008; Wood *et al.*, 2010) established that living in rural areas leads to greater satisfaction with life. These unconventional results imply that people living in rural South Africa face challenges that tend to limit their satisfaction with life. Traditionally, a rural home was considered an important part of life in the African family, so important that most black people would have a city home and a rural home (Walker *et al.*, 2010). To some extent the recent debacle in which president Zuma is alleged to have siphoned a lot of government funds and channelled them towards the



upgrading of his rural Nkandla home (Madonsela, 2014). This act serves as a specimen of the importance of the rural home to the African man.

Previously African people held rurality in high regard, to the extent that important festive seasons such as Christmas were spent in the rural areas (Gopaul, 2006). People in rural areas were regarded as special family consultants who could be called upon for guidance and direction during times of need (Gardiner, 2008). However, with the dawn of the modern age, some of these practices have progressively lost their appeal amongst black people. As more black people adopted the Western culture and its values, they inadvertently unbundled themselves from certain traditionally held values as regards the importance of the rural home and its significance to their modern African culture (Twala, 2012). Urbanisation is considered to be more fashionable by most black people and has even triggered massive rural to urban migration in South Africa. In the 2011 census (Statistics South Africa, 2012) lifetime migration patterns revealed that most provinces that were affected by outmigration between 2001 and 2011 recorded many moving from rural areas to urban areas. Another report by Peberdy (2012) shows that two thirds of South Africans now live in urban areas. These developments show that urban life and its glitters appears to be more appealing to black people, resulting in the loss of much of the respect and importance they previously attached to rurality and its tenets. Therefore, the dominant attitude among black South Africans is that the urban space offers better satisfaction with life than the rural area.

It is possible that the situation mentioned above is aggravated by the slow pace of rural development in South Africa, making rural life less appealing for many people. Whilst it appears that the South African government has attempted to improve both the available amenities as well as social welfare in rural South Africa, there are still many challenges remaining (Wisborg *et al.*, 2013). A recent study by Jacobs and Hart (2014) highlights that rural-based South Africans are presently beleaguered by a constellation of challenges related to basic survival. These include the lack of food security, unmet housing needs, ineffective service delivery, infrastructural decay, youth unemployment, among other socio-economic depravities. As a typical case, in 2013, an opposition party known as the Economic Freedom Fighters identified an impoverished family living as neighbours to President Zuma's highly opulent Nkandla home and opted to build a better shelter for that family (Mthethwa & Savides, 2014). Theirs was a case of giving publicity of the real picture of rural underdevelopment and misery in South Africa. Still, other important socio-economic indicators, such as infant mortality rates, death rates, literacy rates and *per capita* income, among others, show a great disfavour to rural South Africa when compared to urbanised South Africa (Parliamentary Monitoring Group, 2012). It is not surprising then, that those who dwell in certain urban places, such as Sicelo, who are aware of the adversities associated with

residing in the rural areas, will uphold that it is better to reside in urban areas instead. They cannot fathom how those living in rural South Africa are managing to cope with life, in the wake of such manifest hardships. Hence the dominant perception that satisfaction with life is less in rural areas than in urban areas.

## 6. Conclusions and Recommendations

The aim of this study was to examine satisfaction with life in South Africa by analysing the association between four economic factors, namely employment status, rural/urban residence, public service delivery and poverty on satisfaction with life amongst the urban poor. The study reveals that employment status, public services delivery and poverty significantly predict satisfaction with life amongst the urban poor. Employment status emerged as the most important predictor of satisfaction with life than the other factors. It also emerged that the urban poor perceive that life is better in urban areas than in rural areas. Overall, the study compares favourably with similar studies conducted previously.

In order to create more employment opportunities it is necessary for government to focus on initiatives that continuously grow the South African economy. One such initiative is to stimulate more foreign direct investment (FDI), a practice in which foreign investors are encouraged to invest in another country (Sandrey, 2013), in this case South Africa. FDI can be enhanced through practices such as enacting tax concessions in such areas as corporate tax as well as individual income tax, financial subsidies for investment, preferential tariffs, government support for research and development projects assistance with relocation and expatriation, among others (Van der Lugt *et al.*, 2011). With such foreign investments additional employment opportunities will be created, thereby decreasing the unemployment rate.

Further employment opportunities can be created by protecting the South African industry by minimizing the importation of cheap imports, especially from China, which are harming the local industry by creating unfair competition (Woltmann, 2013). Furthermore, instead of delegating the creation of jobs to the private sector, the South African government should create more employment opportunities by increasing government spending in national projects such as infrastructural construction and rehabilitation (e.g., bridges, roads, government buildings). Many people, both skilled and unskilled, can be employed in such projects.

The key to altering the prevailing impression that living in South African rural areas leads to dissatisfaction with life lies in improving the standard of living in rural South Africa. People living in rural areas should enjoy similar comforts and privileges as those living in urban areas. Rural areas in South Africa still merit better schools, modern road networks, improved sanitary facilities, improved health

centres, modern shopping centres, better access to clean tap water and access to electricity, as well as other public utilities. Private sector investment in rural areas should be encouraged such that companies can build manufacturing plants, depots, warehouses and other facilities, which can help to create jobs and bring improved services to rural areas through urbanisation. With such developments in place it is possible that those in South African rural areas will become more satisfied with life than those in urban areas, which is the typical pattern elsewhere.

Since the improvement of the delivery of public services is associated with higher satisfaction with life, it follows that satisfaction with life in South African townships can be improved, among other things, by improving the quality of public services rendered there. Stricter policing of public officials is imperative to reduce cases of corruption in the awarding of tenders. In cases where some are convicted of such crimes, stiffer penalties have to be enforced, which can send warning signals to those intending to participate in corrupt activities. Since much of the delivery of public services is conducted at the local government level, it is crucial to focus specifically on challenges facing municipalities which are affecting their smooth operations.

It is also recommended that the public procurement system, as characterised by the Preferential Procurement Policy Framework (Broad Based Black Economic Empowerment) be streamlined to make it more effective towards the provision of services to the public. In order to ensure that civil servants are committed to the eight Batho Pele principles which are consultation, service standards, redress, access, courtesy, information, transparency and value for money (KwaZulu Natal Department of Public Works, 2014), continuous training and development of civil servants who work in government is required. Additionally, various motivational strategies need to be implemented in order to intensify the morale of these civil servants in their role of dispatching services to the public. In this manner public servants will be able to be consistently dedicated to rendering an effective and efficient service to the public.

The South African government could seek increased financial support from Bretton-Woods institutions such as the International Monetary Fund (IMF) and the World Bank. Together with budgetary allocations from the fiscus, the funds obtained from these funding institutions could be channelled towards poverty alleviation programs that include, amongst others, addressing gender inequality, dealing with communicable diseases that include HIV/AIDS, tuberculosis, pneumonia and others that are prevalent amongst poor communities, improving the social welfare system and rural reform mechanisms. Another important initiative could be to encourage good governance in state institutions in South Africa. This could be attained by monitoring the activities of government officials in order to ensure that corruption is addressed. The efforts of non-governmental organisations

(NGOs) could also be harnessed such that they complement government efforts towards poverty reduction in South Africa.

The fiscal policy needs further amendments in order to make it more pro-poor. Income tax brackets should be widened further to ensure that low income earners are subjected to less income tax. The current situation in which people earning between R0 and R181 900 per annum are subjected to a blanket income tax of 18% for each R1 (South African Revenue Service, 2015) is undesirable since it imposes a heavy income tax burden on even the lowest of income earners. A further assessment of poverty status in South Africa is necessary, in order to clearly distinguish between those that are poor and those that are not poor. For instance, the poverty datum line in the country is not very clear, since South Africa does not have a single poverty line but uses three poverty metrics namely the food poverty line, as well as upper- and lower-bound lines to assess the total cost of living in the country (Statistics South Africa, 2008). It is therefore not very easy to determine who is poor and who is not poor amongst South Africans although the reality is that poverty exists at a significant level in the country.

Certain commodities that are used by low income earners should be added to the basket of products that are exempt from value added tax. These include, among others, commodities such as sanitary ware for women, used clothing, education instruments such as pencils and writing pens and common medicines.

The Reconstruction and Development Program (RDP) Housing Scheme should be maintained in order to provide free housing to poor South Africans, but efforts should be made to address current glitches facing the program. For example, multiple ownership of RDP houses should not only be discouraged, but outlawed so that perpetrators of such practices are brought to book. The possibilities of free education, free health care and free transportation or other public services could be explored. However, caution is necessary in order to limit the possibilities of engendering of the entitlement mentality amongst South Africans.

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